

AMENDED IN SENATE JUNE 12, 2008

AMENDED IN ASSEMBLY APRIL 22, 2008

AMENDED IN ASSEMBLY APRIL 3, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2044**

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**Introduced by Assembly Member Duvall**

February 15, 2008

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An act to amend Sections 1625.5, 1638, 1675, 1703, 1704, 1733, 1749, 1749.3, 1749.31, 1749.4, 1750.5, 1849, 14029, 14091, 14094 of, to amend and renumber and add Section 14090.1 of, to add Section 15059.1 to, to repeal Section 1745 of, and to repeal and add Section 1746 of, the Insurance Code, relating to licensing.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2044, as amended, Duvall. Insurance licensees.

(1) Existing law authorizes the Insurance Commissioner of the Department of Insurance to issue resident and nonresident agent and broker-agent licenses, as specified. Existing law defines the terms “resident” and “nonresident” and specifies the requirements for a person to apply for and receive either a resident or nonresident license. Under existing law, a person applying for a nonresident license may have to pay a higher application fee than a person applying for a resident license, as specified.

This bill would state that for licensing purposes, a person could be considered a resident of this state if one of 2 specified set of circumstances exists. This bill would also allow a broker or agent to designate one state as his or her resident state. This bill would also exempt a licensed nonresident who is licensed in his or her resident

state from the requirement of taking a qualifying examination in order to receive a resident license, as specified. This bill would authorize the commissioner to charge an applicant for a nonresident license a fee equal to what the applicant's resident state would charge a California resident for a license in that state, as specified.

(2) Existing law requires certain licensees to disclose financial records, certain licensees to hold certain funds as a fiduciary, and certain licensees to have an appointment for authority to act as an insurance agent.

This bill would add other certain licensees to those required to disclose financial records, to hold certain funds as a fiduciary, and to have an appointment for authority to act as an insurance agent, as specified.

(3) Existing law requires licensees to complete a certain amount of hours of continuing education.

This bill would specify the types of training and the number of hours required for certain licensees, as specified.

(4) Existing law requires that a person must have previously worked as a life licensee or as an employee of a life licensee in order to be eligible for a life and disability analyst license.

This bill would, instead, require that a person must have worked as both a life-only and accident and health licensee in order to be eligible for a life and disability analyst license.

(5) Existing law requires the licensing of and regulates the activities of insurance adjusters, as specified.

This bill would, in addition, require insurance adjusters to complete a certain number of continuing education hours and would require that an insurance adjuster license be renewed every year instead of every 5 years.

(6) Existing law sets a 2-year term for personal lines licenses and provides that the licenses renew on the last day of December.

This bill would instead provide that each license shall renew 2 years from the date it was issued, as specified.

(7) Existing law authorizes the commissioner to mail an order reprimanding the licensee if the commissioner believes that a licensee has committed an offense, as specified. Under existing law, if the licensee requests formal notice and hearing the order becomes void and certain proceedings are initiated, as specified.

This bill would repeal these provisions and authorize the commissioner to mail an applicant or a licensee a citation and an order assessing a specified fine for a violation the commissioner believes the

applicant or licensee committed, as specified. This bill would specify the required contents of the citation and order and would provide that if the licensee requests a hearing, certain proceedings would be initiated regarding the validity of the citation and order, as specified. This bill would provide that the issuance of a notice, citation, or order under this provision would not constitute a disciplinary action against the licensee. *This bill would specify circumstances where the commissioner may elect to proceed against a licensee by way of notice and hearing, as specified, rather than citation.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1625.5 of the Insurance Code is amended  
2     to read:  
3     1625.5. (a) A personal lines licensee is a person authorized to  
4     transact automobile insurance, as defined in Section 660, including  
5     insurance for recreational vehicles used for noncommercial  
6     purposes, personal watercraft insurance, residential property  
7     insurance, as defined in Section 10087, including earthquake and  
8     flood insurance, inland marine insurance covering personal  
9     property, and umbrella or excess liability insurance providing  
10    coverage when written over one or more underlying automobile  
11    or residential property insurance policies, and a personal lines  
12    broker-agent license is a license to so act.  
13    (b) A license under this section shall be applied for and renewed,  
14    following successful completion of a qualifying examination on  
15    this code, ethics, and products sold under the license, in the same  
16    manner as is provided in this chapter for a license to act as a fire  
17    and casualty broker-agent, except as provided in subdivision (c)  
18    or where provided otherwise.  
19    (c) A person licensed as a personal lines agent who makes an  
20    application to the commissioner to become a fire and casualty  
21    broker-agent pursuant to Section 1625 shall do all of the following:  
22    (1) Submit an application on a form provided by the  
23    commissioner.  
24    (2) Complete preclicensing education as specified in Section  
25    1749.

1 (3) Take and pass a qualifying examination pursuant to Section  
2 1676.

3 (d) Notwithstanding any other provision of law, for a personal  
4 lines license:

5 (1) "License term" for a personal lines license means all of that  
6 two-year period beginning as described in either subdivision (a)  
7 or (b) of Section 1629, as applicable, and ending the second  
8 succeeding year on the last calendar day of the month in which  
9 the initial license was issued.

10 (2) "License year" for a personal lines license shall be  
11 determined for each entity as follows:

12 (A) Upon initial licensing, the license year starts on the date the  
13 license is issued.

14 (B) Subsequently, each license year starts the first day of the  
15 month following the month in which the initial license was issued.

16 (C) A license year ends the following calendar year on the last  
17 calendar day of the month in which the initial license was issued.

18 SEC. 2. Section 1638 of the Insurance Code is amended to  
19 read:

20 1638. (a) A nonresident license is a license issued to a person  
21 not a resident of this state.

22 A person is a resident of this state if either of the following apply:

23 (1) He or she occupies a dwelling in this state and intends this  
24 state to be his or her domicile.

25 (2) He or she maintains his or her principal place of business  
26 in this state.

27 (b) A person licensed under this chapter may designate only  
28 one state as his or her resident state.

29 SEC. 3. Section 1675 of the Insurance Code is amended to  
30 read:

31 1675. Except as provided in Section 1680, the following  
32 applicants who have theretofore been licensed under this code are  
33 exempt from the requirements of this article:

34 (a) An applicant for a license to act as a fire and casualty  
35 broker-agent who has been licensed as a fire and casualty  
36 broker-agent or surplus line broker during any part of the license  
37 year in which the application is filed or the immediately preceding  
38 license year.

39 (b) An applicant for a license to act as a life-only agent who has  
40 been licensed as a life-only agent during any part of the license

1 year in which the application is filed or the immediately preceding  
2 license year.

3 (c) An applicant for a license to act as an accident and health  
4 agent who has been licensed as an accident and health agent during  
5 any part of the license year in which the application is filed or the  
6 immediately preceding license year.

7 (d) An applicant for a license to act as travel insurance agent.

8 (e) An applicant specifically exempted from the particular  
9 qualifying examination requirement by other provisions of this  
10 code.

11 (f) A nonresident licensee who applies for a fire and casualty  
12 broker-agent, personal lines broker-agent or life agent resident  
13 license in this state, and who is currently licensed for the same  
14 lines of authority in the state of his or her current resident license,  
15 shall not be required to complete an examination. The application  
16 must be received within 90 days of the cancellation of the  
17 applicant's resident license and the producer database records,  
18 maintained by the National Association of Insurance  
19 Commissioners, must indicate that the producer is licensed in good  
20 standing for the line of authority requested.

21 SEC. 4. Section 1703 of the Insurance Code is amended to  
22 read:

23 1703. Every applicant for an original license under this chapter,  
24 Chapter 5A (commencing with Section 1759), Chapter 6  
25 (commencing with Section 1760), or Chapter 7 (commencing with  
26 Section 1800) shall, as part of the application, endorse an  
27 authorization for disclosure to the commissioner of financial  
28 records of any fiduciary funds as defined in Section 1733, pursuant  
29 to Section 7473 of the Government Code. The authorization shall  
30 continue in force and effect for so long as the licensee continues  
31 to be licensed by the department.

32 SEC. 5. Section 1704 of the Insurance Code is amended to  
33 read:

34 1704. (a) Any person acting as a licensee under this chapter  
35 shall not act as an agent of an insurer unless the insurer has filed  
36 with the commissioner a notice of appointment, executed by the  
37 insurer, appointing the licensee as the insurer's agent. Every fire  
38 and casualty broker-agent acting in the capacity of an insurance  
39 solicitor shall have filed on his or her behalf with the commissioner  
40 a notice executed by an insurance agent or insurance broker

1 appointing and agreeing to employ the solicitor as an employee  
2 within this state. Additional notices of appointment may be filed  
3 by other insurers before the license is issued and thereafter as long  
4 as the license remains in force. The authority to transact insurance  
5 given to a licensee by an insurer or fire and casualty broker-agent,  
6 as the case may be, by appointment shall be effective as of the date  
7 the notice of appointment is signed. That authority to transact shall  
8 apply to transactions occurring after that date and for the purpose  
9 of determining the insurer's or fire and casualty broker-agent's  
10 liability for acts of the appointed licensee. No notice of  
11 appointment of a life agent, fire and casualty broker-agent, or travel  
12 insurance agent shall be filed under this subdivision unless the  
13 licensee being appointed has consented to that filing. Each  
14 appointment made under this subdivision shall by its terms continue  
15 in force until:

16 (1) The cancellation or expiration of the license applied for or  
17 held at the time the appointment was filed.

18 (2) The filing of a notice of termination by the insurer or  
19 employing fire and casualty broker-agent, or by the appointed life  
20 agent, fire and casualty broker-agent, travel insurance agent, or  
21 insurance solicitor.

22 (b) Upon the termination of all appointments, or all  
23 endorsements naming the licensee on the license of an organization  
24 licensee, and the cancellation of the bond required pursuant to  
25 Section 1662 if acting as a broker, the permanent license shall not  
26 be canceled, but shall become inactive. It may be renewed pursuant  
27 to Section 1718. It may be reactivated at any time prior to its  
28 expiration by the filing of a new appointment pursuant to this  
29 section, Section 1707, and Section 1751.3, or the filing of a new  
30 bond pursuant to Section 1662. An inactive license shall not permit  
31 its holder to transact any insurance for which a valid, active license  
32 is required.

33 (c) Upon the termination of all appointments of a person licensed  
34 under a certificate of convenience, such certificate shall be canceled  
35 and shall be returned by its lawful custodian to the commissioner.

36 (d) A fire and casualty broker-agent appointing an insurance  
37 solicitor pursuant to this section, if a natural person, must be the  
38 holder of a permanent license to act as a fire and casualty  
39 broker-agent or the holder of a certificate of convenience so to act  
40 issued pursuant to either subdivision (a) or (b) of Section 1685. If

1 the fire and casualty broker-agent is an organization, it must be  
2 the holder of a permanent license.

3 (e) The filing of an incomplete or deficient action notice with  
4 the department shall require the filing of an amended, complete  
5 action notice, together with the payment of the fee therefor  
6 specified in subdivision (n) of Section 1751.

7 (f) A notice of appointment appointing a solicitor may be filed  
8 by a second or subsequent fire and casualty broker-agent. The  
9 broker-agent seeking to appoint the solicitor shall enter into an  
10 agreement with all other fire and casualty broker-agents with whom  
11 the insurance solicitor has an existing appointment. The agreement  
12 shall govern how the broker-agents will determine on which fire  
13 and casualty broker-agent's behalf the solicitor is working when  
14 dealing with individuals who are customers of none of the fire and  
15 casualty broker-agents with whom the solicitor has an appointment.  
16 If the agreement does not identify which broker-agent or  
17 broker-agents are liable for the act of the solicitor, all fire and  
18 casualty broker-agents with whom the solicitor is appointed at the  
19 time of the act shall be jointly and severally liable for that act.

20 SEC. 6. Section 1733 of the Insurance Code is amended to  
21 read:

22 1733. All funds received by any person acting as a licensee  
23 under this chapter, Chapter 5A (commencing with Section 1759),  
24 Chapter 6 (commencing with Section 1760), or Chapter 7  
25 (commencing with Section 1800), as premium or return premium  
26 on or under any policy of insurance or undertaking of bail, are  
27 received and held by that person in his or her fiduciary capacity.  
28 Any such person who diverts or appropriates those fiduciary funds  
29 to his or her own use is guilty of theft and punishable for theft as  
30 provided by law. Any premium that a premium financier agrees to  
31 advance pursuant to the terms of a premium finance agreement  
32 shall constitute fiduciary funds as defined in this section only if  
33 actually received by a person licensed in one or more of the  
34 capacities herein specified.

35 SEC. 7. Section 1745 of the Insurance Code is repealed.

36 SEC. 8. Section 1746 of the Insurance Code is repealed.

37 SEC. 9. Section 1746 is added to the Insurance Code, to read:

38 1746. (a) For purposes of this section, the following definitions  
39 shall apply:

(1) “License” includes any type of license issued by the commissioner pursuant to this chapter, Chapter 5A (commencing with Section 1759), Chapter 6 (commencing with Section 1760), Chapter 6.5 (commencing with Section 1781.1), Chapter 7 (commencing with Section 1800), and Chapter 8 (commencing with Section 1831) of Part 2 of Division 1, Chapter 4 (commencing with Section 12280) of Part 5 of Division 2, and Chapter 1 (commencing with Section 14000) and Chapter 2 (commencing with Section 15000) of Division 5.

(2) “Licensee” includes applicants for, and holders of, individual and organization licenses. With respect to organization licenses, the term also includes the organization’s officers, directors, partners, members, and controlling persons, as defined in subdivision (b) of Section 1668.5.

(3) “Minor misstatement” means an incorrect statement on one of the insurance license application background questions that does not affect the licensee’s ability to satisfy his or her duties under the license or his or her suitability for licensure.

(4) “Notify” means mailing a notice to the licensee at the address the licensee most recently filed with the commissioner.

(b) If the commissioner determines that a licensee has violated any section listed in subdivision ~~(f)~~ (g), and elects to proceed on the violation, the commissioner shall notify the licensee of the violation. Within 21 calendar days, which may be extended to 45 calendar days if the licensee is temporarily incapacitated due to illness or injury, or is on vacation, the licensee must establish to the commissioner’s satisfaction that the violation has been corrected. If, after the licensee responds, or after 45 calendar days have passed, the licensee fails to establish to the commissioner’s satisfaction that the violation has been corrected, the commissioner shall, in lieu of proceeding pursuant to subdivision (h) of Section 1668 or Section 1738, issue a citation and order to the licensee and notify the licensee that citation and order have been issued.

(c) If the commissioner determines that a licensee has made a minor misstatement in an application for a new license or an application to renew a license, or in a document filed in support of an application, and elects to proceed on the violation, the commissioner shall notify the licensee requesting a justification for the misstatement. Within 21 calendar days, which may be extended to 45 calendar days if the licensee is temporarily



1 incapacitated due to illness or injury or is on vacation, the licensee  
2 shall provide the justification in writing. If, after the licensee  
3 responds, or 45 calendar days have passed, the licensee fails to  
4 justify the misstatement to the commissioner's satisfaction, the  
5 commissioner shall, in lieu of proceeding pursuant to subdivision  
6 (h) of Section 1668 or Section 1738, issue a citation and order to  
7 the licensee and notify the licensee that the citation and order have  
8 been issued.

9 *(d) Notwithstanding subdivisions (b) and (c), the commissioner*  
10 *may proceed against a licensee pursuant to Section 1668 or Section*  
11 *1738 for violations of offenses listed in subdivision (g) or when*  
12 *the commissioner determines that the licensee has made a minor*  
13 *misstatement in an application for a new license or an application*  
14 *to renew a license, or in a document filed in support of an*  
15 *application, under any of the following circumstances:*

16 *(1) The department has issued two or more prior notices*  
17 *pursuant to subdivision (b) or (c) to the licensee within the*  
18 *preceding 36 months.*

19 *(2) The department files an action against the licensee under*  
20 *Section 1668 or Section 1738 containing allegations that are in*  
21 *addition to an allegation of a violation of an offense listed in*  
22 *subdivision (g) or a minor misstatement.*

23 *(3) The department, within the preceding 36 months, has*  
24 *disciplined a licensee under Section 1668 or Section 1738.*

25 ~~(d)~~

26 *(e) A notice issued pursuant to either subdivision (b) or (c) shall*  
27 *specify all of the following:*

28 *(1) The section violated.*

29 *(2) The time or period of the violation.*

30 *(3) The facts supporting the determination of the violation.*

31 *(4) The amount of the penalty for the violation if it is not*  
32 *corrected, or for the misstatement if it is not justified.*

33 *(5) A telephone number and address for the unit in the*  
34 *department issuing the notice. The unit listed shall respond in a*  
35 *timely manner to any communication from the licensee regarding*  
36 *the notice.*

37 ~~(e)~~

38 *(f) (1) A citation and order issued pursuant to this section shall*  
39 *specify all of the following:*

40 *(A) The section violated.*

1 (B) The time or period of the violation.

2 (C) The facts supporting the determination of the violation.

3 (D) The amount of the penalty for the violation.

4 (E) The date payment of the penalty is required, which shall not  
5 be less than 21 calendar days from the date of the notice.

6 (F) Instructions for paying the penalty.

7 (G) The licensees right to contest, and the procedure for  
8 contesting, the citation and order.

9 (H) A telephone number and address for the unit in the  
10 department issuing the notice or citation. The unit listed shall  
11 respond in a timely manner to any communication from the licensee  
12 regarding the notice or citation and order. The department shall  
13 assign personnel sufficient to carry out these responsibilities.

14 (2) A citation and order shall become final 21 calendar days  
15 after the date of the notice, unless the licensee requests a hearing.  
16 All of the following shall apply to these hearings:

17 (A) The hearing shall be held within 60 calendar days following  
18 receipt of the request for the hearing. The licensee may request  
19 one continuance, not to exceed 21 calendar days.

20 (B) The licensee shall have the choice of a hearing by mail,  
21 telephone, or in person. An in-person hearing shall be conducted  
22 in whichever of the following offices of the Department of  
23 Insurance is closest to the business or residence address of the  
24 licensee, at the election of the licensee: Sacramento, Fresno, San  
25 Francisco, San Diego, or Los Angeles. If the licensee requests a  
26 hearing in Fresno or San Diego, the commissioner may defer the  
27 hearing for up to an additional 60 calendar days if necessary in  
28 order to schedule at least five hearings in a single day.

29 (C) The hearing shall be conducted in accordance with written  
30 procedures established by the commissioner. The written  
31 procedures shall comply with Sections 11445.40 to 11445.60,  
32 inclusive, of the Government Code.

33 (D) The hearing shall provide an independent, objective, fair,  
34 and impartial review of the citation and order. The hearing officer  
35 shall be trained and qualified to conduct the hearing in an objective,  
36 fair and impartial manner. The hearing officer shall not be, or be  
37 managed or controlled by, a person whose primary duties are  
38 investigating violations, issuing citations, collecting citation  
39 penalties, or otherwise processing citations. The hearing officer's  
40 continued employment, performance evaluation, compensation,

1 or benefits, shall not, directly or indirectly, be linked to the amount  
2 of citations and orders affirmed by the hearing officer.

3 (E) The employee who issued the citation and order may, but  
4 shall not be required to, participate in the hearing. The citation and  
5 order shall be prima facie evidence of the violation, and the  
6 department shall not be required to produce any evidence other  
7 than the citation and order.

8 (F) Within 14 calendar days following the conclusion of the  
9 hearing, the hearing officer shall notify the licensee and the  
10 appropriate person within the department of the decision.

11 (3) The hearing officer's decision, if adopted by the  
12 commissioner, shall constitute a final order of the commissioner,  
13 from which judicial review may be obtained pursuant to  
14 subdivision (a) of Section 1094.5 of the Code of Civil Procedure.

15 ~~(F)~~

16 (g) (1) For the first penalty imposed upon a licensee for a single  
17 offense, if the licensee has not provided evidence to the  
18 commissioner showing that the offense was corrected within 45  
19 days, or if the last penalty for the same single offense was imposed  
20 three years or more prior to the imposition of the current penalty,  
21 the commissioner shall levy penalties in accordance with the  
22 following schedule:

23 (A) For a violation of Section 1647.5, five hundred dollars  
24 (\$500).

25 (B) For a violation of subdivision (h) of Section 1668 or Section  
26 1738, three hundred dollars (\$300).

27 (C) For a violation of Section 1724.5, five hundred dollars  
28 (\$500).

29 (D) For a violation of Section 1725, two hundred dollars (\$200).

30 (E) For a violation of Section 1727, five hundred dollars (\$500).

31 (F) For a violation of Section 1729, two hundred dollars (\$200).

32 (G) For a violation of Section 1729.2, five hundred dollars  
33 (\$500).

34 (H) For a violation of Section 1729.5, two hundred dollars  
35 (\$200).

36 (2) The commissioner may double the fine listed above for a  
37 single offense if the offense was committed within three years of  
38 the commission of the same single offense for which the licensee  
39 was previously notified of a violation.

1 (3) Any money collected as a result of the imposition of a  
2 penalty shall be deposited into the General Fund, after  
3 reimbursement to the commissioner of costs incurred in  
4 investigating and prosecuting the violation.

5 ~~(g)~~

6 (h) Any citation and order issued pursuant to this section, and  
7 any proceeding to impose a penalty conducted by the department  
8 pursuant to Article 10 (commencing with Section 11445.10) of  
9 Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government  
10 Code, are exempt from the requirements of Section 1738, Section  
11 12968, and paragraph (1) of subdivision (b) of Section 12921, and  
12 shall not be reported to the National Association of Insurance  
13 Commissioner's Regulatory Information Retrieval System (RIRS)  
14 database or similar databases. However, the citation and order  
15 shall become part of the licensee's licensing file. The issuance of  
16 a notice, citation, or order under this section shall not constitute a  
17 disciplinary action against the licensee.

18 ~~(h)~~

19 (i) If a licensee has exhausted the administrative remedies  
20 provided in this section and failed to pay a penalty imposed by a  
21 citation and order, the commissioner may, without providing an  
22 additional hearing, suspend, refuse to issue, or refuse to renew, a  
23 license. Before acting pursuant to this subdivision, the  
24 commissioner shall send a delinquency notice advising the licensee  
25 that his or her license may be suspended, not issued, or not  
26 renewed, if the penalty is not paid within 21 calendar days. If, after  
27 the 21st calendar day, the penalty remains unpaid, the  
28 commissioner may suspend, refuse to issue, or refuse to renew the  
29 licensee's license until the licensee pays the delinquent penalty.  
30 A suspension, refusal to issue, or refusal to renew pursuant to this  
31 subdivision shall be reported to the National Association of  
32 Insurance Commissioner's Regulatory Information Retrieval  
33 System (RIRS) database or similar databases.

34 SEC. 10. Section 1749 of the Insurance Code is amended to  
35 read:

36 1749. The department shall require all new applicants for  
37 license as a fire and casualty broker-agent, limited lines automobile  
38 insurance agent, personal lines broker-agent, life-only agent, or  
39 accident and health agent to meet prelicensing education standards  
40 as follows:

1 (a) Require a minimum of 40 hours of prelicensing study as a  
2 prerequisite to qualification for a fire and casualty broker-agent  
3 license. The curriculum for satisfying this requirement shall be  
4 approved by the curriculum board and submitted to the  
5 commissioner for final approval. Any additions to the minimum  
6 requirements provided by this section shall be approved by the  
7 curriculum board pursuant to Section 1749.1 and certified by the  
8 department.

9 (b) Require a minimum of 20 hours of prelicensing study as a  
10 prerequisite for qualification for a personal lines broker-agent  
11 license. The curriculum for satisfying this requirement shall be  
12 approved by the curriculum board and submitted to the  
13 commissioner for final approval. Any additions to the minimum  
14 requirements provided by this section shall be approved by the  
15 curriculum board pursuant to Section 1749.1 and certified by the  
16 department.

17 (c) Require a minimum of 20 hours of prelicensing study as a  
18 prerequisite for qualification for a life-only agent license. The  
19 curriculum for satisfying this requirement shall be approved by  
20 the curriculum board and submitted to the commissioner for final  
21 approval. Any additions to the minimum requirements provided  
22 by this section shall be approved by the curriculum board pursuant  
23 to Section 1749.1 and certified by the department.

24 (d) Require a minimum of 20 hours of prelicensing study as a  
25 prerequisite for qualification for limited lines automobile insurance  
26 agent license. The curriculum for satisfying this requirement shall  
27 be approved by the curriculum board and submitted to the  
28 commissioner for final approval. Any additions to the minimum  
29 requirements under this section shall be approved by the curriculum  
30 board pursuant to Section 1749.1 and certified by the department.

31 (e) Require a minimum of 20 hours of prelicensing study as a  
32 prerequisite for qualification for an accident and health insurance  
33 agent license. The curriculum for satisfying this requirement shall  
34 be approved by the curriculum board and submitted to the  
35 commissioner for final approval. Any additions to the minimum  
36 requirements under this section shall be approved by the curriculum  
37 board pursuant to Section 1749.1 and certified by the department.  
38 This curriculum shall also include instruction in workers'  
39 compensation and general principles of employers' liability.

1 (f) In addition to the 40 hours prelicensing education required  
2 to qualify for a license as a fire and casualty broker-agent, the 20  
3 hours prelicensing education required to qualify for a license as a  
4 personal lines broker-agent, a life-only agent, or an accident and  
5 health agent, or the 20 hours prelicensing education required to  
6 qualify for a license as a limited lines automobile insurance agent,  
7 the department shall require 12 hours of study on ethics and this  
8 code. Where an applicant seeks a license for more than one of the  
9 following license types: a fire and casualty broker-agent license,  
10 a personal lines broker-agent license, a life-only license, or an  
11 accident and health license, the applicant shall only be required to  
12 complete one 12-hour course on ethics and this code. The  
13 curriculum for satisfying this requirement shall be approved by  
14 the curriculum board and submitted to the commissioner for final  
15 approval.

16 (g) An applicant for a life-only agent license, an accident and  
17 health license, a personal lines broker-agent license, or a limited  
18 lines automobile insurance agent license, who is currently licensed  
19 as such in another state and who has completed 20 hours of  
20 prelicensing education as a requirement for licensing in that state  
21 shall be required to complete only the course of study on ethics  
22 and the Insurance Code, as required by Section 1749. Additionally,  
23 any applicant for such a license holding one or more of the  
24 designations specified in subdivisions (a) to (m), inclusive, of  
25 Section 1749.4 shall be exempted from any requirement for courses  
26 in general insurance that would otherwise be a condition of  
27 issuance of the license.

28 (h) An applicant for a fire and casualty broker-agent license  
29 who is currently licensed as such in another state and who has  
30 completed 40 hours of prelicensing education as a requirement for  
31 licensing in that state shall be required to complete only the course  
32 of study on ethics and this code, as required by subdivision (f).  
33 Additionally, any applicant for such a license holding one or more  
34 of the designations specified in subdivisions (a) to (e), inclusive,  
35 of Section 1749.4, shall be exempted from any requirement for  
36 courses in general insurance that would otherwise be a condition  
37 of issuance of a license.

38 (i) An applicant for a fire and casualty broker-agent license who  
39 is licensed as a personal lines agent shall complete a minimum of  
40 20 hours prelicensing study as a prerequisite. The curriculum for

1 satisfying this requirement shall be approved by the curriculum  
2 board and submitted to the commissioner for final approval. The  
3 applicant shall not be required to repeat any preclicensing  
4 requirements completed as a prerequisite to being licensed as a  
5 personal lines agent.

6 (j) Review and approval of preclicensing courses not conducted  
7 in a classroom, as referenced in subdivisions (a), (b), (c), (d), and  
8 (i) shall include an evaluation of the safeguards in place to ensure  
9 that the student completing the course is the person enrolled in the  
10 course, methods used to monitor the students' attendance are  
11 adequate, methods for the student to interact with the entity  
12 providing the training exist, and methods used to record the times  
13 spent completing the course are adequate.

14 (k) Preclicensing certificates of completion expire three years  
15 from the completion date of the course, whether or not a license  
16 is issued.

17 SEC. 11. Section 1749.3 of the Insurance Code is amended to  
18 read:

19 1749.3. (a) An individual licensed as a life-only agent or an  
20 accident and health agent and also licensed as a fire and casualty  
21 broker-agent, or an individual only licensed as a fire and casualty  
22 broker-agent, shall complete those courses, programs of instruction,  
23 or seminars approved by the commissioner for the type of license  
24 held. Completion of specified product training required in  
25 subdivision (d) of Section 1749.33, subdivision (b) of Section  
26 1749.8, and paragraph (4) of subdivision (a) of Section 10234.93  
27 may result in the completion of more than the minimum of required  
28 continuing education hours. The minimum number of hours  
29 required is as follows:

30 (b) During each of the first four 12-month periods following  
31 the date of the original license issuance, a minimum of 25 hours.

32 (c) Any licensee who has complied with subdivision (b) in the  
33 first four years, shall thereafter satisfactorily complete 24 hours  
34 of instruction prior to renewal of the license. These hours of  
35 instruction may be completed at any time prior to renewal of the  
36 license.

37 (d) An individual licensed as a fire and casualty broker-agent  
38 and as a life-only agent or an accident and health agent shall satisfy  
39 the requirements of this section by demonstrating completion of

1 the courses, programs of instruction, or seminars approved by the  
2 commissioner for any of the license types listed in subdivision (a).

3 (e) A licensee shall not be required to comply with the  
4 requirements of this article if the licensee submits proof satisfactory  
5 to the commissioner that he or she has been a licensee in good  
6 standing for 30 continuous years in this state and is 70 years of  
7 age or older.

8 SEC. 12. Section 1749.31 of the Insurance Code is amended  
9 to read:

10 1749.31. (a) An individual licensed as a personal lines  
11 broker-agent shall complete required continuing education courses,  
12 programs of instruction, or seminars approved by the  
13 commissioner. The personal lines broker-agent shall complete 20  
14 hours during each two-year license term as defined in subdivision  
15 (d) of Section 1625.5.

16 (b) An individual licensed as a personal lines broker-agent and  
17 as a life-only agent or accident and health agent shall satisfy the  
18 requirements of this section by satisfactorily completing 24 hours  
19 of instruction prior to renewal of the license.

20 SEC. 13. Section 1749.4 of the Insurance Code is amended to  
21 read:

22 1749.4. The courses or programs of instruction successfully  
23 completed that shall be deemed to meet the standards for continuing  
24 educational requirements, and the number of classroom hours for  
25 which they are equivalent, are as follows:

26 (a) Any part of the Life Underwriter Training Council Fellow  
27 (LUTCF) program totaling 30 hours for the life-only license and  
28 the accident and health license.

29 (b) Any part of the Chartered Life Underwriter (CLU)  
30 curriculum totaling 30 hours for the life-only license and the  
31 accident and health license.

32 (c) Any part of the Accredited Advisor in Insurance (AAI)  
33 program totaling 25 hours for the fire casualty broker-agent license.

34 (d) Any part of the Chartered Property Casualty Underwriter  
35 (CPCU) program totaling 30 hours for the fire casualty  
36 broker-agent license.

37 (e) Any part of the Certified Insurance Counselor (CIC) program  
38 totaling 25 hours for the life-only or accident health agent license  
39 and the fire casualty broker-agent license.



1 (f) Any part of the Certified Employee Benefit Specialists  
2 (CEBS) program totaling 25 hours for the life-only license and the  
3 accident and health license.

4 (g) Any part of the Chartered Financial Consultant (ChFC)  
5 program totaling 30 hours for the life-only license.

6 (h) Any part of the Certified Financial Planner (CFP) program  
7 totaling 30 hours for the life-only license.

8 (i) Any part of the Fellow, Life Management Institute (FLMI)  
9 program totaling 30 hours for the life-only license and the accident  
10 and health license.

11 (j) Any part of the Health Insurance Associate (HIA) program  
12 totaling 25 hours for the accident and health license.

13 (k) Any part of the Registered Employee Benefits Consultant  
14 (REBC) program totaling 30 hours for the accident and health  
15 license.

16 (l) Any part of the Registered Health Underwriter (RHU)  
17 program totaling 30 hours for the accident and health license.

18 (m) Any part of the Associate in Risk Management (ARM)  
19 program totaling 30 hours for the fire casualty broker-agent license.

20 (n) Any insurance-related course approved by the curriculum  
21 board and the commissioner taught by an accredited college or  
22 university per credit hour granted totaling 15 hours.

23 (o) Any course or program of instruction or seminar developed  
24 or sponsored by an authorized insurer, recognized agents'  
25 association, or insurance trade association, or any independent  
26 program of instruction shall, if approved by the curriculum board  
27 and the commissioner, qualify for the equivalency of the number  
28 of classroom hours assigned thereto by the curriculum board and  
29 the commissioner.

30 (p) Any correspondence course approved by the curriculum  
31 board and the commissioner shall qualify for the equivalency of  
32 the number of classroom hours assigned thereto by the  
33 commissioner.

34 SEC. 14. Section 1750.5 of the Insurance Code is amended to  
35 read:

36 1750.5. The fee for filing an application for a nonresident  
37 license described in Section 1639, and renewal thereof or changes  
38 in outstanding licenses, shall be the same amount that is established  
39 in this code for a resident license of the same type. If the applicant's  
40 state, territory of the United States, commonwealth, or Canadian

1 province of residence has fees for any nonresident insurance license  
2 greater than for a like resident license, the commissioner may  
3 charge a fee equal to the amount a California resident would be  
4 required to pay to obtain a like license for a like term in the  
5 applicant's state, territory of the United States, commonwealth, or  
6 Canadian province of residence.

7 The fee for filing an application for a nonresident limited lines  
8 license described in Section 1639, and renewal thereof or changes  
9 in outstanding licenses, shall be the same amount that is established  
10 in this code for a resident fire and casualty broker-agent license.  
11 This section shall not be construed to require a countersignature  
12 on a policy or contract, or the payment of a countersignature fee.

13 SEC. 15. Section 1849 of the Insurance Code is amended to  
14 read:

15 1849. The department may, from time to time, publish rules  
16 and regulations regarding the initial and continuing qualifications  
17 to obtain the life and disability insurance analyst license. No person  
18 shall be eligible for a life and disability insurance analyst license  
19 unless for five years preceding the date of the examination, he or  
20 she has been licensed as both a life-only and accident and health  
21 licensee pursuant to paragraphs (1) and (2) of subdivision (a) of  
22 Section 1626.

23 SEC. 16. Section 14029 of the Insurance Code is amended to  
24 read:

25 14029. (a) The business of each licensee shall be operated  
26 under the active direction, control, charge, or management of the  
27 licensee, if the licensee is qualified, or the person who has qualified  
28 to act as the licensee's manager, if the licensee is not qualified.

29 (b) No person shall act as a manager of a licensee until he or  
30 she has complied with each of the following:

31 (1) Demonstrated his or her qualifications by a written or oral  
32 examination, or a combination of both, if required by the  
33 commissioner.

34 (2) Made a satisfactory showing to the commissioner that he or  
35 she has the qualifications prescribed by Section 14025 and that  
36 none of the facts stated in Section 14028 or 14028.5 exist as to  
37 him or her.

38 (c) If the manager, who has qualified as provided in this section,  
39 ceases for any reason whatsoever to be connected with the licensee  
40 to whom the license is issued, the licensee shall notify the

1 commissioner in writing 30 days from the cessation. If notice is  
2 given, the license shall remain in force for a reasonable length of  
3 time to be determined by the rules of the commissioner pending  
4 the qualifications, as provided in this chapter, of another manager.  
5 If the licensee fails to notify the commissioner within the 30-day  
6 period, his or her license shall be subject to suspension or  
7 revocation and may be reinstated only upon the filing of an  
8 application for reinstatement, payment of the reinstatement fee, if  
9 any is due, and the qualification of a manager as provided herein.

10 (d) Every manager shall renew his or her authority by satisfying  
11 the requirements of Article 8 (commencing with Section 14090).

12 SEC. 17. Section 14090.1 of the Insurance Code is amended  
13 and renumbered to read:

14 14090.2. Notwithstanding Section 14090, the commissioner  
15 may establish license periods and renewal dates for all licenses  
16 issued pursuant to this chapter so as to distribute the renewal work  
17 to permit the most efficient and economical use of personnel and  
18 equipment. In such cases, to the extent practicable, provision shall  
19 be made for the proration or other adjustment of fees so that no  
20 person shall be required to pay more than that which he or she  
21 would have been required to pay had no change in license periods  
22 or renewal dates been made.

23 SEC. 18. Section 14090.1 is added to the Insurance Code, to  
24 read:

25 14090.1. (a) An individual who holds an insurance adjuster  
26 license and who is not exempt under subdivision (b) of this section  
27 shall satisfactorily complete a minimum of 24 hours, including  
28 ethics, of continuing education courses pertinent to the duties and  
29 responsibilities of an insurance adjuster license reported to the  
30 insurance commissioner on a biennial basis in conjunction with  
31 his or her license renewal cycle.

32 (b) This section does not apply to either of the following:

33 (1) A licensee not licensed for one full year prior to the end of  
34 the applicable continuing education biennium.

35 (2) A licensee holding a nonresident insurance adjuster license  
36 who has met the continuing education requirements of his or her  
37 designated resident state.

38 SEC. 19. Section 14091 of the Insurance Code is amended to  
39 read:

1 14091. Except as otherwise provided in this article, an expired  
2 license or branch office certificate may be renewed at any time  
3 within one year after its expiration on the filing of an application  
4 for renewal on a form prescribed by the commissioner, and the  
5 payment of the renewal fee in effect on the last preceding regular  
6 renewal date. The licensee, as a condition precedent to renewal,  
7 shall also pay the delinquency fee prescribed by this chapter.  
8 Renewal under this section shall be effective on the date on which  
9 the application is filed, on the date on which the renewal fee is  
10 paid, or on the date on which the delinquency fee, if any, is paid,  
11 whichever last occurs. If so renewed, the license or certificate shall  
12 continue in effect through the date provided in Section 14090  
13 which next occurs after the effective date of the renewal, when it  
14 shall expire if it is not again renewed.

15 Renewal of a license or certificate shall not prohibit the bringing  
16 of disciplinary proceedings for an act committed before the  
17 effective date of the renewal.

18 SEC. 20. Section 14094 of the Insurance Code is amended to  
19 read:

20 14094. A license or branch office certificate which is not  
21 renewed within one year after its expiration may not be renewed,  
22 restored, reinstated, or reissued thereafter; and a license which  
23 expired before October 1, 1958, and was not reinstated before  
24 October 1, 1961, may not be renewed, restored, reinstated, or  
25 reissued.

26 The holder of the license or certificate may obtain a new license  
27 or certificate only on compliance with all of the provisions of this  
28 chapter relating to the issuance of an original license or certificate.

29 SEC. 21. Section 15059.1 is added to the Insurance Code, to  
30 read:

31 15059.1. (a) An individual who holds a public insurance  
32 adjuster license and who is not exempt under subdivision (b) shall  
33 satisfactorily complete a minimum of 24 hours, including ethics,  
34 of continuing education courses pertinent to the duties and  
35 responsibilities of a public insurance adjuster license, to be reported  
36 to the insurance commissioner on a biennial basis in conjunction  
37 with his or her license renewal cycle.

38 (b) This section shall not apply to:

39 (1) A licensee not licensed for one full year prior to the end of  
40 the applicable continuing education biennium.

- 1     (2) A licensee holding a nonresident public insurance adjuster
- 2     license who has met the continuing education requirements of his
- 3     or her designated state or residence.

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